GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:82
ANSWERED ON:22.07.2016
NPAs in PSBs
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Will the Minister of FINANCE be pleased to state:

(a) the Gross Non Performing Assets (NPAs) to the total advances of the Public Sector Banks (PSBs) as on 31 March, 2016 and likelihood of its rise by March, 2017;
(b) whether the major portion of NPAs in the PSBs is on account of frauds and if so, the details thereof and the reaction of the Government thereto;
(c) whether the Government has assessed the factors/attributes of advances/loans turning into bad loans/NPAs, if so, the details thereof along with sector-wise NPAs;
(d) the total amount written off by the PSBs during the last ten years; and
(e) whether the Government has taken corrective measures in the matter, if so, the details and the outcome thereof?

Answer

FINANCE MINISTER

(a) to (e): A statement is laid on the table of the House.

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STATEMENT AS REFERRED TO IN REPLY TO PARAs (A) TO (E) OF LOK SABHA STARRED QUESTION NO. *82FOR ANSWER ON 22ndJULY, 2016 / ASHADHA 31, 1938 (SAKA) REGARDING NPAs IN PSBs BY SHRIC.N. JAYADEVAN AND SHRI ANANTKUMAR HEGDE

(a) to (b): Gross non-performing assets (GNPAs) to total advances of Public Sector Banks (PSBs) as on 31.03.2016 were Rs.4,76,816 crore (9.32%). The macro stress tests in Financial Stability Report of Reserve Bank of India, June 2016 suggest that under baseline scenario, the GNPAs for the PSBs may rise to 10.10% by March 2017. However, this level may not be reached in view of the recovery efforts by banks and steps taken by Government and Reserve Bank of India.
As per data received from PSBs, frauds constitute 7.15% of total GNPAs as on March 2016.
(c) to (d) The reasons for increase in NPAs include slowdown in recovery in the global economy and continuing uncertainty in the global markets leading to lower exports of various products like textiles, engineering goods, leather and gems, external factors including ban on mining projects, delay in clearances affecting Power, Iron and Steel sector, volatility in prices of raw material and the shortage in availability of power impacting operations in iron & steel, infrastructure projects, delay in collection of receivables causing a strain on various infrastructure projects and aggressive lending by banks in the past. Details of NPAs of Public Sector Banks (PSBs) for main sectors and total amount written off by PSBs during the last 10 years are annexed.
(e) The government has taken specific measures to address issues in sectors such as Infrastructure (Power, Roads etc.), Steel and Textiles, where incidence of NPAs is high. The government has also approved establishment of six (6) new Debt Recovery Tribunals (DRTs), to speed up the recovery of bad loans of the banking sector, in addition to existing thirty three. Reserve Bank of India (RBI) has also undertaken steps which include (i) Formation of Joint Lenders' Forum (JLF) for revitalizing stressed assets in the system, (ii) Flexible Structuring for long term project loans to Infrastructure and Core industries, and (iii) Strategic Debt Restructuring (SDR) scheme. (iv) Scheme for Sustainable Structuring of Stressed Assets (S4A).The Government has recently issued advisory to banks to take action against guarantors in event of default by borrower under relevant sections of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, Indian Contract Act, 1872,andRecovery of Debts due to Banks and Financial Institutions (RDDB&FI) Act, 1993, since in the event of default; the liability of the guarantor is co-extensive with the borrower.
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